

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 57 - HB 799

February 15, 2015

SUMMARY OF BILL: Authorizes a Tennessee HOPE scholarship student to drop from full-time to part-time status once without medical or personal grounds without loss of the scholarship.

ESTIMATED FISCAL IMPACT:

**Increase State Expenditures – \$1,833,000/FY15-16/Lottery for Education Account
\$1,836,000/FY16-17/Lottery for Education Account
Exceeds \$1,836,000/FY17-18 and Subsequent Years/
Lottery for Education Account**

Assumptions:

- The amount of the scholarship for students who first received the HOPE scholarship in fall 2009 through summer 2015 is equal to \$2,000 per semester for four-year institutions and \$1,000 per semester for two-year institutions.
- For entering freshmen beginning with fall 2015 and thereafter, the scholarship is estimated to equal \$1,750 per semester for freshmen and sophomore years and then \$2,250 per semester for junior and senior years for four-year institutions, and \$1,500 per semester for two-year institutions.
- It is assumed that, before dropping from full-time to part-time, freshmen will receive the scholarship award for two semesters, sophomores for four semesters, juniors for six semesters, and seniors for seven semesters. The proposed legislation will result in an increase in state expenditures from the Lottery for Education Account (LFEA) for additional HOPE scholarship amounts that the students will receive after dropping from full-time to part-time status for a non-medical or personal reason.
- The Tennessee Student Assistance Corporation (TSAC) estimates that, in FY15-16: 409 students will receive an additional \$4,000 award for two semesters in four-year institutions; 26 students will receive an additional \$2,000 award for one semester in four-year institutions; 59 students will receive an additional \$2,000 award for two semesters in two-year institutions; and 27 students will receive an additional \$1,000 award for one semester in two-year institutions.
- The total increase in state expenditures from the LFEA in FY15-16 is estimated to be \$1,833,000 [(409 x \$4,000) + (26 x \$2,000) + (59 x \$2,000) + (27 x \$1,000)].

- It is further estimated that, in FY16-17: 265 students will receive an additional \$4,000 award for two semesters in four-year institutions; 144 students will receive an additional \$3,500 for two semesters in four-year institutions; 26 students will receive an additional \$2,000 award for one semester in four-year institutions; 11 students will receive an additional \$2,000 award for two semesters in two-year institutions; 48 students will receive an additional \$3,000 award for two semesters in two-year institutions; and 54 students will receive an additional \$1,000 award for one semester in two-year institutions.
- The total increase in state expenditures from the LFEA in FY16-17 is estimated to be \$1,836,000 $[(265 \times \$4,000) + (144 \times \$3,500) + (26 \times \$2,000) + (11 \times \$2,000) + (48 \times \$3,000) + (54 \times \$1,000)]$.
- The total recurring increase in state expenditures from the LFEA in FY17-18 and subsequent years is estimated to exceed \$1,836,000.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Jeffrey L. Spalding, Executive Director

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